

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF	)	
CUMBERLAND FALLS HIGHWAY WATER	)	CASE NO. 10494
DISTRICT	)	

O R D E R

On December 16, 1988, Cumberland Falls Highway Water District ("Cumberland Falls") filed its revised tariff with the Public Service Commission ("Commission") for the purpose of adjusting its rates pursuant to KRS 278.015 and 807 KAR 5:068, Purchased Water Adjustment Clause.

Cumberland Falls noted in its filing that the information in Exhibit A upon which the purchased water adjustment was calculated was incorrect and that a corrected exhibit would be filed. By letter dated December 28, 1988, the Commission informed Cumberland Falls that the 30-day time requirement for review would not commence until the corrected exhibit was filed since it was critical to a determination of the accurateness of the calculations and proposed rates. The corrected Exhibit A was filed on January 11, 1989. Cumberland Falls' notice to its customers and affidavit of publication was filed December 27, 1988.

The Commission, having reviewed the evidence of record and being advised, finds:

1. Cumberland Falls purchases water from the city of Williamsburg ("Williamsburg"), Corbin City Utilities ("Corbin"), and West Laurel Water Association ("West Laurel").

2. Effective April 8, 1987, Williamsburg increased its rate for wholesale water from \$1.00 to \$1.50 per 1,000 gallons. There have been no changes in the rates charged by Corbin and West Laurel.

3. Cumberland Falls objected to the increase from Williamsburg and continued to pay for its water at the rate of \$1.00 per 1,000 gallons through November 8, 1988. Williamsburg instituted a court action which resulted in a settlement agreement whereby the \$1.50 rate was agreed to, retroactive to April 8, 1987. Cumberland Falls is to pay the accumulated difference of \$36,429 in 9 monthly installments of \$4,050 each, beginning January 29, 1988. City of Williamsburg vs. Cumberland Falls Highway Water District et al., Whitley Circuit Court, 87-CI-515.

4. Cumberland Falls proposed to include the \$36,429 owed on water purchased from April 8 to November 8, 1987 in its purchased water adjustment in addition to the annual increase in purchased water costs. The purchased water adjustment is designed to recover the increased costs of purchased water on a going-forward basis and cannot be used to collect amounts owed on prior purchases. Any proposal for collection of the past due amount should be made through a separate filing.

5. During the 12 months ending October 31, 1988, Cumberland Falls purchased a total of 98,734,600 gallons of water from its 3 suppliers, 48,979,000 of which was purchased from Williamsburg. Cumberland Falls sold 73,794,000 gallons during the same 12 month period.

6. The increase in purchased water costs is \$24,490, resulting in a purchased water adjustment of \$.33 per 1,000 gallons of water.

7. The purchased water adjustment of \$.33 per 1,000 gallons and the rates in Appendix A are fair, just, and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

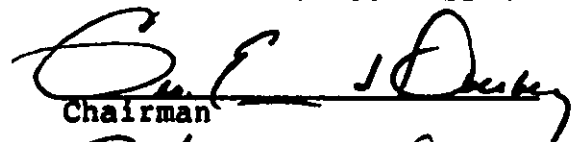
1. The purchased water adjustment and rates proposed by Cumberland Falls are denied.

2. The purchased water adjustment of \$.33 per 1,000 gallons of water and the rates in Appendix A, attached hereto and incorporated herein, are approved for services rendered on and after January 1, 1989.

3. Within 30 days of the date of this Order, Cumberland Falls shall file its revised tariff setting out the rates approved herein.

Done at Frankfort, Kentucky, this 16th day of January, 1989.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

\_\_\_\_\_  
Executive Director

## APPENDIX A

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 10494 DATED 1/16/89

The following rates and charges are prescribed for the customers in the area served by Cumberland Falls Highway Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

#### USAGE BLOCKS

#### MONTHLY RATES

First 1,000 gallons  
Next 4,000 gallons  
Next 5,000 gallons  
Over 10,000 gallons

\$11.43 Minimum  
3.83 per 1,000 gallons  
2.98 per 1,000 gallons  
2.43 per 1,000 gallons

#### MINIMUM BILLS

##### METER SIZE

##### USAGE ALLOWANCE

##### MINIMUM BILL

5/8 x 3/4 Inch  
1 Inch  
2 Inch

1,000 gallons  
5,000 gallons  
25,000 gallons

\$11.43  
26.75  
78.10

Whitley County Water District

\$1.58 per 1,000 gallons